



United States
Department of
Agriculture

Farmers
Home
Administration

Washington
D.C.
20250

FmHA AN No. 2815 (1951)

June 24, 1993

SUBJECT: Revisions to Program Management and Servicing Goals
July 1, 1992 through September 30, 1993

TO: All State Directors

PURPOSE/INTENDED OUTCOME:

A decision has been made to extend the end of the current rating period from June 30, 1993, to September 30, 1993. Therefore, it is necessary to revise and extend the program management and servicing goals in order to move the goal measurement period to coincide with the Federal fiscal year.

COMPARISON WITH PREVIOUS AN:

This AN references FmHA AN No. 2566, dated June 22, 1992; FmHA AN 2714, dated December 16, 1992; and FmHA AN No. 2794, dated May 13, 1993. Those ANs are scheduled to expire on June 30, 1993; however, some information in them is referenced in this AN. Therefore, copies of those ANs (Numbers 2566, 2714, and 2794) should be retained for use in conjunction with this AN.

IMPLEMENTATION RESPONSIBILITIES:

As you have heard, one of the major goals being emphasized by Secretary Mike Espy and this Agency is to be farmer and customer friendly. The management and servicing goals of FmHA have been revised to give State, District and County office staffs the incentives to provide all servicing options to which a borrower might be entitled. For example, in the Housing program, we are moving from actual delinquency to serviced delinquency.

It continues to be important that we make loans to those eligible for our services and who have an opportunity for success. Good credit quality would indicate that, when we make a loan, the borrower -- with our assistance -- can become a successful farmer or homeowner. Once these loans are made, we must provide all necessary assistance to support these borrowers in reaching their objective of achieving success as farmers and homeowners.

EXPIRATION DATE: September 30, 1993

FILING INSTRUCTIONS:
Preceding FmHA
Instruction 1951-A




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Secretary of Agriculture, Washington, D.C. 20250

We must service our loans diligently and, for those that cannot be successful for various reasons, we need to take timely action to service and work with the borrowers to voluntarily liquidate their accounts. We need to move forward with the management, sale and/or leasing of our inventory properties. The management and maintenance of inventory property is very expensive; therefore, it is important that we give this element attention.

For the revisions that are in Attachments A and B, in each we have given explanations of the revised goals. If the goal was not revised, we have so stated.

A number of States submitted requests for changes prior to the March 31 deadline which have not yet been responded to by the National Office. Those were held pending decisions on changes to the goals and other aspects of the performance management system which could have affected the decision on how to respond to the change. Since many of the goals and/or weights have been changed, we will not be responding to the requests submitted previously. States wishing to request modifications to the goals based on the attached revisions should submit appropriate documentation to the Deputy Administrator, Program Operations, no later than August 15, 1993.


SHARRON S. LONGINO
Acting Administrator

Attachments

Sent by Facsimile on 6/28/93 at 3:24pm by GSS.

1992-1993 MANAGEMENT
AND SERVICING GOALS

ATTACHMENT A
FARMER PROGRAMS

Goals are an important tool in accomplishing program objectives in the framework of providing financial assistance to rural America. Goals should always be viewed in the context of FmHA's mission. Farmer Programs Management and Servicing goals are focused on the following goals and objectives:

1. Credit Quality/Loan Making
2. Portfolio Management
3. Guaranteed Loans

CREDIT QUALITY AND/OR LOAN MAKING

**GOAL 1 A. REDUCE NUMBER OF ALL DIRECT LOANS BECOMING
DELINQUENT THE FIRST YEAR AFTER BEING MADE
OR RESTRUCTURED BETWEEN 1/1/92 AND 12/31/92
(DELINQUENCY ON THESE LOANS MEASURED FROM
1/1/93 THROUGH 9/30/93)**

WEIGHT: 20 percent

NATIONAL AGENCY OBJECTIVE: 18 percent

Loans that were restructured to remove a delinquency will no longer be counted against meeting this goal. This goal was originally set up to encourage County Supervisors to restructure problem loans before they went delinquent. However, in order to provide our borrowers every opportunity to make affordable payments we may have to restructure delinquent loans. The goal change is intended to allow County Supervisors more discretion to release proceeds for essential expenses and permit the restructuring of delinquent loans without goal accomplishments being adversely affected.

Additionally, each State's first year delinquency rate will be raised 5 percent from its original first year delinquency rate. We are raising the rate due to adverse weather conditions, which could not have been foreseen at the time of loan approval.

Achievement of this goal depends primarily on the decisions of credit managers and their ability to work with applicants to produce a feasible plan. If the delinquency rate is higher than the goal, it should be due to unusual disasters or similar problems beyond the control of credit officials. These

uncontrollable factors will be evaluated throughout the period and goals will be adjusted accordingly.

MEASUREMENT: FOCUS Run on PLAS and RC 540 Database

The first year delinquency percentage will be determined as described below. Delinquency is defined as being more than 30 days past due on a scheduled loan payment.

1. Determine the number of loans made and/or restructured between January 1, 1992, and December 31, 1992.
2. Determine the number of these loans which are delinquent as of September 30, 1993.
3. The number of loans in number 2, divided by the total number of loans made or restructured during the period, equals the first year delinquency rate. EXAMPLE:

| | |
|---|-------|
| No. of loans made or restructured between 1/1/92 and 12/31/92: | 1,000 |
|---|-------|

| | |
|---|-----|
| No. of the above loans delinquent on 9/30/93: | 100 |
|---|-----|

Goal Level: 100 divided by 1,000 = 10% first year delinquency rate.

Any percentages will be rounded up or down to the nearest whole number.

GOAL 1 B. IMPROVE TIMELINESS OF PROCESSING COMPLETED DIRECT LOAN APPLICATIONS

ONLY THE WEIGHT OF THIS GOAL HAS BEEN REVISED.

WEIGHT: 15 percent

NATIONAL AGENCY OBJECTIVE: Loan Approval Will be 60 days or less from Receipt of a Completed Application.

For the definition of a completed application, refer to FmHA Instruction 1910-A, Section 1910.4 (b). A completed application consists of both the applicant's and FmHA's responsibilities.

The timely processing of applications is essential to meeting the needs of our applicants/borrowers. However, we do not want to

discourage thoroughly working through a complicated or problem application. We are allowing an additional 5 percent leeway in these goals to permit the County Supervisor time to negotiate with other creditors to produce a feasible plan for our applicants who need this help.

States which have no more than 10 percent of completed applications approved or rejected beyond the 60-day requirement will be considered as having met this goal. Time during appeals will not be included in the calculations.

MEASUREMENT: Application Tracking System (ATS) of the Management Records System (MRS) as of 1/1/93 through 9/30/93. States can monitor the goal accomplishments on the Executive Information System (EIS).

GOAL 1 C: PROVIDE MAXIMUM OPPORTUNITY TO SOCIALLY DISADVANTAGED GROUPS TO BECOME SUCCESSFUL FARMERS

WEIGHT: 10 percent

NATIONAL AGENCY OBJECTIVE: Obligate 100% of SDA Targeted Direct FO Funds

Section 617 of the 1987 Agricultural Credit Act and Section 2501 (f) of the 1990 Food, Agriculture, Conservation and Trade Act direct the Secretary of Agriculture to ensure that members of socially disadvantaged (SDA) groups have an opportunity to own and operate farms/ranches and to participate in agricultural programs.

The goal for 1992-1993 is to obligate 100 percent of the targeted SDA insured (direct) FO loan funds for all States, except Alaska. Alaska is exempted due to very limited farming in the area served. State offices which do not have enough funds to make more than one SDA direct FO loan will meet their goal if they make at least one SDA direct FO loan during the goal period even though they do not obligate 100 percent of their allocation.

MEASUREMENT: Report Code 205-C.

ONLY THE WEIGHT OF THIS GOAL HAS BEEN REVISED.

PORTFOLIO MANAGEMENT**GOAL 2 A. REDUCE FARMER PROGRAMS DELINQUENT DOLLARS**

TOTAL WEIGHT: 5 percent

NATIONAL OBJECTIVE: Reduce delinquent dollars (P&I) in flagged accounts by 15 percent by September 30, 1993.

i. Goal 2Ai has been removed for the Rating Period.

ii. Reduce the Amount of 7/1/92 Delinquent Dollars (P&I) in Flagged Accounts (i.e., those flagged BAP, CAP, or FAP) by 15 percent by 9/30/93. Full credit for resolution of the delinquency will be given for all "Subject to Agreed Adjustments" (SAA) approved during the goal period. Any increases in the delinquent dollars during the goal period will not be considered in goal measurement.

Example: \$700,000 delinquent P&I as of July 1, 1992, less 15 percent equals a balance outstanding of \$595,000 as of September 30, 1993. (Increases in delinquent dollars are not to be considered in goal measurement).

This goal has been affected by the foreclosure suspension. The suspension removed any forced collection efforts to reduce delinquencies. Therefore, we are reducing Goal 2Ai. Goal 2Aii will be 15 percent. Accounts classified as 1951-S and Collection-Only are included in this portion of the goal.

MEASUREMENT: Each State's goal will be measured by reducing delinquent principal and interest as of July 1, 1992, by 15 percent (not a moving target) for flagged accounts by September 30, 1993.

Report Code 540 and FOCUS will be used to measure this goal.

GOAL 2 B. TRACK LOAN SERVICING OF DELINQUENT BORROWERS USING AGCREDIT

THIS GOAL HAS NOT BEEN ADJUSTED.

WEIGHT: 5 percent

NATIONAL AGENCY OBJECTIVE: Enter 100% of all delinquent borrowers, including those flagged BAP, CAP, FAP, and CO into AGCREDIT and track them in that system.

MEASUREMENT: Case numbers of delinquent, BAP, CAP, FAP, and CO borrowers listed on the June 30, 1992, Report Code 540 will be compared with borrower case numbers in AGCREDIT. State Offices are responsible to ensure that 100% of the delinquent borrowers identified on the RC 540 are entered into AGCREDIT. States will be considered to have met the goal when all delinquent borrowers' names and case numbers are matched from all data sources. This match will not encompass matching a borrower's specific servicing status from the 2 sources. Goal achievement will be reported using percentages.

GOAL 2 C. MOVE DIRECT FARMER PROGRAM BORROWERS TO OTHER SOURCES OF CREDIT EITHER WITH OR WITHOUT A GUARANTEE (SUBORDINATIONS ARE NOT INCLUDED)

THIS GOAL HAS NOT BEEN ADJUSTED.

WEIGHT: 10 percent

NATIONAL OBJECTIVE: Move 4.2 percent of total existing direct borrower caseload as of June 30, 1992, to other credit by September 30, 1993. Youth loans are not counted in this goal.

MEASUREMENT: The COORS report will be used to measure borrowers moved to other credit with or without a guarantee. Partial "graduations" will be counted as one-half of a full graduation when all of either the real estate or operating credit is moved to other credit with or without a guarantee. For example, if a borrower has two OL loans and one FO loan, one-half credit will be given towards goal accomplishment if both OLs were refinanced with or without a guarantee and reported on COORS.

EXAMPLE: 5,000 (active borrowers) plus 2,000 (other borrowers) equals 7,000 total direct borrower caseload. 5 percent of 7,000 equals 350 borrowers to move to other credit by September 30, 1993.

GOAL 2 D. SALE/TRANSFER OF FARMER PROGRAM INVENTORY PROPERTIES

THIS GOAL HAS NOT BEEN ADJUSTED.

WEIGHT: 10 percent

NATIONAL OBJECTIVE: Dispose of 80 percent of inventory farms by September 30, 1993, and maintain that rate of disposal annually thereafter. The 80 percent rate allows for a 20 percent margin for properties which are impossible to sell due to environmental, appeals, litigation, or wetland actions.

MEASUREMENT: Each State is to reduce by September 30, 1993, 80 percent of the number of farm inventory properties that are in inventory on June 30, 1992, as identified on a list to be provided to each State Office.

Example: 200 (total inventory farms) less 50 (leaseback/buyback and dwelling retention) less 30 (in inventory less than 15 months) equals 120 multiplied by 80 percent equals 96 farms to sell/transfer by September 30, 1993.

The National Office will use Report Code 593 and FOCUS to measure this goal. Each State should refer to Report Code 597 and FOCUS for goal updates.

GUARANTEED LOANS

GOAL 3 A. INCREASE GUARANTEED LOAN OBLIGATIONS AS A PERCENT OF TOTAL OBLIGATIONS

WEIGHT: 15 percent

NATIONAL AGENCY OBJECTIVE: 80 Percent of Total Loan Obligations Made Between 7/1/92 and 9/30/93 Will Be Guaranteed. Direct Loan Obligations from 5/1/93 to 9/30/93 will not be counted toward meeting the goal.

No direct loans obligated after 4/30/93 will be included when calculating this goal accomplishment. This goal is being adjusted to remove any disincentive to make direct loans, so that

all applicants be given full consideration for assistance, whether through the direct or guaranteed loan programs.

The need for this goal change is further evidenced by the current demand for direct credit. There are currently 6,460 applications on hand for direct loans and 2,377 for guarantees.

MEASUREMENT: RC 205 and FOCUS run for lines of credit

The total of (1) insured loan obligations (excluding EM and youth loans) from 7/1/92 to 4/30/93, (2) guaranteed loan obligations from 7/1/92 to 9/30/93, and (3) LOCs which could be advanced for the 2nd or 3rd year, will be divided by the sum of (2) and (3) as of the end of the rating period on September 30, 1993.

Any percentages will be rounded up or down to the nearest whole number.

GOAL 3 B. IMPROVE TIMELINESS OF PROCESSING ALP GUARANTEED LOAN APPLICATIONS

WEIGHT: 10 percent

NATIONAL OBJECTIVE: Approve a guarantee (i.e., Form FmHA 1940-3 signed) in 14 calendar days or less from the receipt of a complete application.

For the definition of a complete application, refer to FmHA Instruction 1980-B, Section 1980.113 (d).

The timely processing of applications is essential to meeting the needs of our applicants/borrowers. However, we do not want to discourage thoroughly working through a complicated or problem application. We are allowing an additional 5 percent leeway in this goals to permit the County Supervisor time to negotiate with other creditors to produce a feasible plan for our applicants who need this help.

However, County Supervisors should be reminded that excessive processing time for guarantee requests is a major source of complaints from lenders. Discretion should be used to insure that the 14-day time limit is exceeded only when necessary. Timely processing will encourage lender participation and provide guaranteed borrowers funds on a more timely basis.

1992 - 1993 MANAGEMENT
AND SERVICING GOALS

ATTACHMENT B
HOUSING PROGRAMS

CREDIT QUALITY/LOAN MAKING

**GOAL 1 A. IMPROVE SFH UNDERWRITING MEASURES AND REDUCE
FIRST-YEAR ACTUAL DELINQUENCIES**

WEIGHT: 10 percent

NATIONAL OBJECTIVE: Maintain first-year delinquencies at a rate of 3 percent or less as of September 30, 1993, by requiring underwriting reviews at a level above the County Office prior to approval of all Section 502 RH insured loans when the County's first year delinquency is 3 percent or more for 3 consecutive months. States are also provided monthly reports on problem offices and progress reports are required on these offices.

MEASUREMENT: RC 580

**GOAL 1 B. HELP ELIGIBLE FAMILIES WITH HOME OWNERSHIP BY
FULLY USING ALLOCATED SECTION 502 VERY-LOW INCOME
FUNDS**

WEIGHT: 3 percent

NATIONAL OBJECTIVE: Obligate 90 percent of FY 1993 section 502 very-low income loan funds by September 30, 1993, by closely monitoring use of funds by individual States and providing monthly reports to the States. (As of June 11, 1993, the National State average indicates 82.2 percent of very-low income loan funds had been obligated.)

MEASUREMENT: RC 205C monthly

Accomplishment level will be determined by dividing the actual percentage of funds used by the goal percentage.

GOAL 1 C. CONTAIN MFH BUILDING COSTS

WEIGHT: 15 percent

NATIONAL OBJECTIVE: Maintain MFH building costs on a per unit basis at or below the final goal levels which have been negotiated for each State.

Since the goal period has been extended by an additional three months, it is likely some States will need to make adjustments to their established cost containment goals. We will maintain the previously-established goals except for those States which submit documentation justifying a revision.

MEASUREMENT: AMAS and FOCUS will be used to measure performance.

PORTFOLIO MANAGEMENT

GOAL 2 A. IMPROVE SFH PORTFOLIO MANAGEMENT BY REDUCING THE PERCENTAGE OF NONPERFORMING BORROWERS, THE AMOUNT OF DOLLARS DELINQUENT, AND THE PERCENTAGE OF ACTUAL DELINQUENCY

TOTAL WEIGHT: 13 percent

Several changes have been made in these goals to encourage FmHA field staff to offer all available servicing tools to borrowers such as moratoriums, delinquency workout agreements (DWAs), and interest credit assistance. Every available servicing tool must be utilized to assist deserving borrowers in becoming successful homeowners.

Changes in these goals place added emphasis on the use of servicing tools and this necessitates the changes from an actual delinquency goal to a serviced delinquency goal, effective July 1, 1993. Serviced delinquency includes accounts which are more than one payment behind schedule, and which are not flagged BAP, CAP, FAP, SAA, moratorium or collection-only. Borrowers on a DWA who are more than one payment behind schedule on the DWA are also included in serviced delinquency.

In addition, the goal of delinquent dollar reduction, which is closely related to the actual delinquency goal, is being eliminated effective July 1, 1993. The goal for reducing the percentage of nonperforming borrowers is being retained to have

June 30, 1993. Individual States' goals for actual delinquency remain the same as set forth in AN 2566, dated June 22, 1992, or as later modified through the Deputy Administrator, Program Operations. For the period of July 1, 1993, through September 30, 1993, this goal will not be measured. Therefore, the weight has been adjusted to reflect that this goal will be measured for only 4 of the 5 quarters in the rating period.

iv. REDUCE SERVICED DELINQUENCIES (WEIGHT: 2 percent). States will be rated on serviced delinquency from July 1, 1993, to September 30, 1993. The National Agency objective is to have no more than 7.4 percent of the monthly payment caseload delinquent by September 30, 1993. The goals for each State are set according the following criteria based on the June 1, 1993, RC 581:

| CATEGORY | GOAL |
|----------------|-------------------------|
| 6.0% or below | Maintain current status |
| 6.1% to 8.0% | 3.0% reduction |
| 8.1% and above | 5.0% reduction |

The base status and goal for each State are shown on Exhibit 1 to this Attachment.

MEASUREMENT: RC 581

GOAL 2 B. GRADUATE SFH BORROWERS TO PRIVATE CREDIT

WEIGHT: 5 percent

NATIONAL OBJECTIVE: Graduate 9.8 percent of eligible borrowers

The National Agency objective to graduate 9.8 percent of eligible borrowers has been extended through September 30, 1993. Individual States' goals remain the same as set forth in AN 2566, dated June 22, 1992, or as later modified through the Deputy Administrator, Program Operations.

MEASUREMENT: RC 860 and 573

**GOAL 2 C. MANAGE, MAINTAIN AND MARKET SFH INVENTORY
PROPERTY. REDUCE INVENTORY AND RETENTION TIME
FOR BOTH PROGRAM AND NONPROGRAM PROPERTIES.**

WEIGHT: 7 percent

NATIONAL OBJECTIVE: Reduce inventory to 0.70 percent of caseload
or less by 9/30/93

The Agency goal is to have no more than 0.70 percent of SFH caseload in inventory as of September 30, 1993. State goals based on caseload and inventory as of March 31, 1992, and are continued to September 30, 1993, according to the following criteria:

| CATEGORY | GOAL |
|--------------|----------------|
| 0 to .10 | .10 |
| .11 to .20 | .20 |
| .21 to .30 | .30 |
| .31 to .40 | .40 |
| .41 to .50 | .50 |
| .51 to 1.00 | 10 % reduction |
| 1.01 to 1.50 | 20 % reduction |
| Above 1.50 | 30 % reduction |

The status and goal for each State are shown on Exhibit 2 to this Attachment.

State Offices are reminded that any inventory property that has been leased, either to the homeless or through another FmHA program, is not included in the State's final inventory total.

MEASUREMENT: APTS and RC 594 Daily and Monthly.

GOAL 2 D. REDUCE ACTUAL MULTIPLE FAMILY HOUSING DELINQUENCY

WEIGHT: 7 percent

NATIONAL OBJECTIVE: Reduce delinquency to 3.0 percent of
caseload by 9/30/93

MEASUREMENT: RC 616

THIS GOAL HAS NOT BEEN ADJUSTED.

The following three goals deal with MFH servicing. These goals were established to make sure we are properly managing the portfolio to minimize subsidy costs and maintain a high standard of living for tenants.

GOAL 2 E. RECEIPT/REVIEW OF ANNUAL MFH PROJECT REPORTS

WEIGHT: 5 percent

NATIONAL OBJECTIVE: 90 percent of Total Agency Caseload

MEASUREMENT: The MFH Servicing Report will be used to monitor quarterly progress and annual achievement. The number of reports due divided by the number of reports received AND reviewed will determine the performance level.

We will continue to monitor receipt and review of the 1991 annual reports.

THIS GOAL HAS NOT BEEN ADJUSTED.

GOAL 2 F. MFH REQUIRED ON SITE SUPERVISORY PROJECT VISITS

WEIGHT: 5 percent

NATIONAL OBJECTIVE: Make 100 percent of the required visits due between 7/1/92 and 6/30/93. Visits due and completed between 7/1/93 and 9/30/93 will be counted toward exceeding the established goal.

MEASUREMENT: The MFH Servicing Report will be used to monitor quarterly progress and annual achievement. The number of visits due divided by the number of visits required will determine the performance level.

GOAL 2 G. VISIT ALL PROJECTS MORE THAN 6 MONTHS DELINQUENT AND NOT SCHEDULED FOR A REQUIRED VISIT

WEIGHT: 5 percent

NATIONAL OBJECTIVE: 100 percent

MEASUREMENT: The MFH Servicing Report and RC 616 will be used to monitor quarterly progress and annual achievement.

THIS GOAL HAS NOT BEEN ADJUSTED.

Achievement of this goal will require timely action by County Office Staff, County Committees, and Loan Review/Underwriting Officials on complete applications.

MEASUREMENT: The Application Tracking System (ATS) of the Management Records System (MRS) as of 1/1/93 through 9/30/93. States can monitor their goal accomplishments on the Executive Information System (EIS).

States which have no more than 15 percent of complete applications approved or rejected beyond the 14-day requirement will receive full credit for this goal. Time spent in the appeals process will not be included in the calculations for this goal.

GUARANTEED LOANS

GOAL 3 A. INCREASE USE OF THE GUARANTEED NONSUBSIDIZED PROGRAM. STATES ARE EXPECTED BY 9/30/93 TO HAVE UTILIZED 90 PERCENT OF THE FY 1993 ALLOCATION.

WEIGHT: 25 percent

NATIONAL OBJECTIVE: Obligate 90 percent of the initially allocated funds provided FmHA receives a supplemental GRH appropriation.

This goal was originally set up to encourage field personnel to fully utilize the available funding resources. The previous goal of 70 percent reflected that on June 30, we would have just completed the third quarter of the fiscal year. The new figure reflects a full fiscal year and a supplemental allocation.

If the supplemental appropriation is not approved by Congress, or not provided in time for funds to be utilized, the goal will be revised.

MEASUREMENT: RC 480

SFH SERVICED DELINQUENCY GOALS

| june93ser2 | | SERV.DELQ. | SERV.DELQ. |
|------------------|----------|------------|------------|
| | 6/1/93 | 6/1/93 | 9/30/93 |
| STATE | CASELOAD | STATUS | GOAL |
| ----- | ----- | ----- | ----- |
| FLORIDA | 19852 | 2.1% | 2.1% |
| IDAHO | 6465 | 2.9% | 2.9% |
| IOWA | 11212 | 3.5% | 3.5% |
| KANSAS | 5693 | 3.8% | 3.8% |
| MONTANA | 3031 | 4.0% | 4.0% |
| NORTH CAROLINA | 35678 | 4.2% | 4.2% |
| OREGON | 8629 | 4.2% | 4.2% |
| WYOMING | 2399 | 4.2% | 4.2% |
| SOUTH DAKOTA | 4091 | 4.8% | 4.8% |
| VERMONT | 8621 | 4.8% | 4.8% |
| WASHINGTON | 6947 | 4.8% | 4.8% |
| MINNESOTA | 7767 | 5.1% | 5.1% |
| MISSOURI | 15644 | 5.1% | 5.1% |
| WEST VIRGINIA | 11537 | 5.1% | 5.1% |
| WISCONSIN | 9857 | 5.3% | 5.3% |
| SOUTH CAROLINA | 30382 | 5.6% | 5.6% |
| MASSACHUSETTS | 8637 | 5.7% | 5.7% |
| OHIO | 13116 | 5.8% | 5.8% |
| TENNESSEE | 27214 | 5.8% | 5.8% |
| ALABAMA | 24767 | 5.9% | 5.9% |
| ALASKA | 1319 | 5.9% | 5.9% |
| COLORADO | 4974 | 5.9% | 5.9% |
| NORTH DAKOTA | 3981 | 5.9% | 5.9% |
| PENNSYLVANIA | 16509 | 5.9% | 5.9% |
| INDIANA | 11761 | 6.2% | 6.0% |
| NEBRASKA | 4662 | 6.2% | 6.0% |
| ARKANSAS | 21843 | 6.3% | 6.1% |
| CALIFORNIA | 22641 | 6.6% | 6.4% |
| KENTUCKY | 19828 | 6.6% | 6.4% |
| ILLINOIS | 12290 | 6.9% | 6.7% |
| UTAH | 4669 | 7.1% | 6.9% |
| DELAWARE | 7662 | 7.2% | 7.0% |
| VIRGINIA | 25034 | 7.3% | 7.1% |
| MAINE | 11549 | 7.4% | 7.2% |
| ARIZONA | 7464 | 7.5% | 7.3% |
| OKLAHOMA | 14713 | 8.4% | 8.0% |
| GEORGIA | 24194 | 8.6% | 8.2% |
| NEW YORK | 15502 | 8.6% | 8.2% |
| MICHIGAN | 16830 | 8.8% | 8.4% |
| NEW JERSEY | 7621 | 8.9% | 8.5% |
| NEW MEXICO | 6269 | 9.5% | 9.0% |
| LOUISIANA | 20558 | 9.6% | 9.1% |
| MISSISSIPPI | 44023 | 10.2% | 9.7% |
| HAWAII | 10866 | 10.5% | 10.0% |
| TEXAS | 28188 | 11.7% | 11.1% |
| PUERTO_RICO | 32473 | 12.5% | 11.9% |
| NATIONAL AVERAGE | 658962 | 7.1% | 6.9% |

Exhibit 2

SFH INVENTORY QUARTERLY GOALSINVENTORY AS % OF CASELOAD

| | 3/31/92 | 3/92 | <u>12/31/92</u> | | <u>3/31/93</u> | | <u>6/30/93</u> | | <u>9/30/93</u> | |
|-----------------------|---------|--------|-----------------|------|----------------|------|----------------|------|----------------|------|
| | CASELD | STATUS | STATUS | GOAL | STATUS | GOAL | STATUS | GOAL | STATUS | GOAL |
| | | | | | | | 5/31/93 | | | |
| AL | 25,941 | 1.025 | .67* | .92 | .61* | .87 | .63* | .82 | | .77 |
| AK | 1,339 | .373 | 1.05 | .40 | .98 | .40 | .90 | .40 | | .40 |
| AZ | 7,634 | 1.061 | 1.31 | 1.03 | #1.19 | 1.01 | #1.10 | 1.00 | | .98 |
| AR | 24,403 | .697 | .72 | .66 | .70 | .65 | .61* | .63 | | .61 |
| CA | 23,239 | .262 | .47 | .32 | .39 | .32 | .36 | .32 | | .32 |
| (Including NV) | | | | | | | | | | |
| CO | 5,301 | .585 | #.42* | .55 | #.45* | .54 | #.27* | .53 | | .51 |
| DE | 8,072 | .198 | .19* | .24 | .18* | .24 | .17* | .24 | | .24 |
| (Including MD) | | | | | | | | | | |
| FL | 20,162 | .724 | .47* | .69 | .61* | .67 | .64* | .66 | | .64 |
| GA | 25,212 | 1.170 | .88* | 1.05 | .88* | .99 | .84* | .94 | | .88 |
| HI | 11,567 | .000 | .01* | .10 | .02* | .10 | .02* | .10 | | .10 |
| (Including WP) | | | | | | | | | | |
| ID | 7,588 | .857 | #.43* | .82 | #.47* | .80 | #.35* | .78 | | .76 |
| IL | 13,464 | .594 | .31* | .56 | .33* | .55 | .36* | .54 | | .53 |
| IN | 12,666 | .450 | .35* | .50 | .29* | .50 | .25* | .50 | | .50 |
| IA | 12,648 | .055 | .08* | .10 | .06* | .10 | .07* | .10 | | .10 |
| KS | 6,228 | .658 | .63* | .66 | .86 | .66 | .88 | .66 | | .66 |
| KY | 22,008 | .341 | .29* | .40 | .29* | .40 | .30* | .50 | | .50 |
| LA | 22,261 | 1.882 | 1.51* | 1.60 | 1.47 | 1.46 | #1.41 | 1.32 | | 1.18 |
| ME | 12,923 | .108 | #.11* | .20 | #.18* | .20 | #.24* | .40 | | .40 |
| MA | 9,011 | .211 | .26 | .20 | .28 | .20 | .26 | .20 | | .20 |
| (Including CT and RI) | | | | | | | | | | |
| MI | 18,271 | .460 | .45* | .50 | .45* | .50 | .51 | .50 | | .50 |
| MN | 8,608 | .581 | #.39* | .67 | #.37* | .71 | #.40* | .75 | | .70 |
| MS | 54,349 | .896 | .84* | .85 | .84 | .83 | .80* | .81 | | .79 |
| MO | 17,496 | 1.212 | #.64* | 1.09 | #.79* | 1.03 | #.74* | .97 | | .91 |
| MT | 3,525 | .652 | .30* | .62 | .18* | .61 | .25* | .59 | | .57 |
| NE | 5,456 | .385 | .12* | .40 | .26* | .40 | .16* | .40 | | .40 |
| NJ | 8,277 | .580 | .91 | .56 | 1.49 | .54 | 1.53 | .53 | | .52 |
| NM | 6,356 | 1.180 | .73* | 1.06 | .65* | 1.00 | .50* | .95 | | .89 |
| NY | 16,695 | .323 | .29* | .40 | .35* | .40 | .31* | .40 | | .40 |
| NC | 41,383 | .353 | .35* | .40 | .34* | .40 | .35* | .40 | | .40 |
| ND | 5,254 | 1.466 | .56* | 1.32 | .45* | 1.25 | .37* | 1.18 | | 1.11 |
| OH | 13,781 | .603 | .46* | .58 | .31* | .57 | .30* | .55 | | .53 |
| OK | 16,472 | 1.979 | #1.73 | 1.60 | #1.61 | 1.40 | #1.31 | 1.21 | | 1.01 |
| OR | 9,223 | .477 | #.28* | .50 | #.27* | .50 | #.25* | .50 | | .50 |
| PA | 17,437 | .155 | .15* | .20 | #.15* | .20 | #.11* | .20 | | .20 |
| PR | 35,126 | .680 | .71 | .65 | .71 | .63 | .71 | .62 | | .60 |
| SC | 31,893 | 1.195 | .97* | 1.08 | .75* | 1.02 | .72* | .96 | | .90 |
| SD | 5,133 | .253 | .28* | .40 | .33* | .45 | .36* | .50 | | .45 |
| TN | 29,732 | .397 | .22* | .40 | .22* | .40 | .19* | .40 | | .40 |
| TX | 30,483 | 1.952 | 2.19 | 1.98 | 2.18 | 1.99 | 2.13 | 2.00 | | 2.00 |
| UT | 5,325 | .545 | .46* | .52 | .34* | .51 | .25* | .50 | | .50 |
| VT | 9,254 | .184 | .11* | .20 | .19* | .20 | .19* | .20 | | .20 |
| (Including NH and VI) | | | | | | | | | | |
| VA | 26,652 | .642 | .63 | .61 | #.59* | .59 | #.50* | .58 | | .56 |
| WA | 7,552 | .225 | .14* | .30 | .10* | .30 | .11* | .30 | | .30 |
| WV | 12,153 | .889 | .55* | .84 | .58* | .82 | .59* | .80 | | .78 |
| WI | 11,679 | .651 | .28* | .62 | .26* | .60 | .24* | .59 | | .57 |
| WY | 2,611 | .460 | .27* | .50 | .44* | .50 | .57 | .50 | | .50 |
| USA | 721,843 | 0.746 | .640(41) | | .632(40) | | .604(34) | .65 | | .70 |

Adjusted for Homeless Leases, * Met Goal, DATA from RC 594
goals0603

continued emphasis placed on providing immediate servicing action on accounts once they become delinquent. This change from actual delinquency to serviced delinquency goals in no way minimizes the FmHA field staff's obligation to service delinquent accounts in a prompt manner. In fact, this policy shift places greater responsibility upon FmHA to make timely contacts with borrowers experiencing delinquency problems to employ needed servicing tools to address the problem prior to considering liquidation action. When all has been done to assist borrowers and they are still unable to meet their obligations, then they should be encouraged to voluntarily liquidate their accounts. If this cannot be accomplished, FmHA should promptly accelerate the account and liquidation should proceed in a timely manner.

Because the goal year is being extended until September 30, 1993, adjustments were made in these goals to reflect the work accomplished by you over the past 12 months (through June 30, 1993), as well as to accomodate the new goal for serviced delinquency over the next three month period (July 1, 1993, through September 30, 1993). Weights for the goals ending June 30, 1993 (Actual delinquency reduction and actual dollars delinquent), have been adjusted to reflect the 80 percent accomplishments for the 15 month goal year. The reduction in the weights from these two goals are reflected in the weights assigned to the serviced delinquency goal which gives added emphasis to serviced delinquency for the remaining 3 months of the goal year. Therefore, the revised goals through September 30, 1993, are summarized and listed below.

i. REDUCE THE PERCENTAGE OF NONPERFORMING BORROWERS (WEIGHT: 3 percent). The National Agency objective to have no more than 5 percent of all delinquent borrowers classified as nonperforming has been extended through September 30, 1993. Individual States' goals remain the same as set forth in AN 2566, dated June 22, 1992, or as later modified through the Deputy Administrator, Program Operations.

ii. REDUCE THE AMOUNT OF DELINQUENT DOLLARS OUTSTANDING (WEIGHT: 4 percent). The National Agency objective is to reduce the amount of dollars delinquent by 7.5 percent by June 30, 1993. For the period of July 1, 1993, through September 30, 1993, this goal will not be measured. Therefore, the weight has been adjusted to reflect that this goal will be measured for only 4 of the 5 quarters in the rating period.

iii. REDUCE ACTUAL DELINQUENCIES (WEIGHT: 4 percent). The National Agency objective is to have no more than 12.7 percent of the monthly payment case load delinquent by